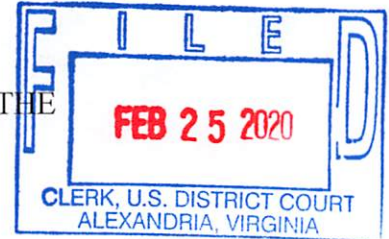


IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Alexandria Division



UNITED STATES OF AMERICA

v.

HE LI,
a/k/a Qinbin Chen,

and

SHOUMING SUN,

Defendants.

CRIMINAL NO. 1:20-MJ-81

UNDER SEAL

**AFFIDAVIT IN SUPPORT OF A CRIMINAL
COMPLAINT AND ARREST WARRANTS**

I, Gregory R. Settducati, being duly sworn, hereby, depose and state as follows:

INTRODUCTION

1. I am employed as a Special Agent of the Federal Bureau of Investigation (FBI) and have been so employed since February 2012. Currently, I am assigned to the Organized Crime Squad at the Washington Field Office, Northern Virginia Resident Agency, Manassas, Virginia. My duties with the FBI include, but are not limited to, the investigation of alleged violations of Federal criminal statutes which involve financial institutions, the investigation of complex financial crimes, including extensive document review, analysis and witness interviews, and the preparation, presentation and service of criminal complaints, arrest and search warrants.

2. The facts set forth in this affidavit are based upon my personal knowledge,

knowledge obtained during my participation in this investigation, information obtained from other law enforcement personnel, review of documents related to this investigation, communications with others who have personal knowledge of the events and circumstances described herein, and information gained through my training and experience. I have not included in this affidavit every fact known to me in regard to this investigation, but rather only those facts which are sufficient to establish probable cause.

3. I make this affidavit in support of a criminal complaint charging the defendants, **HE LI**, also known as Qinbin Chen, and **SHOUMING SUN** ("**LI**" and "**SUN**") with, from on or about June 27, 2019 to on or about January 27, 2020, in the Eastern District of Virginia and elsewhere, knowingly and intentionally conspiring and agreeing with each other and with others to commit wire fraud, contrary to Title 18, United States Code, Section 1343, by knowingly devising and intending to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and to transmit and cause to be transmitted interstate wire communications in furtherance of the conspiracy, in violation of Title 18, United States Code, Section 1349.

OBJECT OF THE CONSPIRACY

4. It was the object of the conspiracy for the defendants and their co-conspirators to use wire communications to defraud victims of their money and property by means of materially false or fraudulent pretenses, representations, and promises.

MANNER AND MEANS OF THE CONSPIRACY

5. It was part of the conspiracy that the defendants and/or their co-conspirators contacted the victims by telephone or met through social media. As described in greater detail

below, the conspirators assumed fictitious identities and provided the victims with false information in order to induce the victims to purchase gift cards, including gift cards to be redeemed at Walmart and Sam's Club stores.

6. It was further part of the conspiracy that the defendants and/or their co-conspirators directed the victims to send to members of the conspiracy through wire communications the gift cards' redemption codes, which are codes used to redeem the value of the gift card without having the physical card.

7. It was further part of the conspiracy that **LI** and **SUN** used the redemption codes obtained by fraud to purchase goods and services for their personal benefit at Walmart or Sam's Club locations.¹

8. It was further part of the conspiracy that **LI** and **SUN** used at least two different Sam's Club membership accounts to fraudulently purchase goods and services, including pre-paid gift cards for other stores. The two accounts used by **LI** and **SUN** are identified as account membership number 960229839, opened in the name of Qinbin Chen, and account membership number 960051316, opened in the name of defendant **HE LI**. The two accounts are linked to **LI** because **LI**'s photograph is on both Sam's Club identification cards. In addition, Your Affiant compared a photograph from **LI**'s Virginia DMV records with the photographs of the **LI** and Chen Sam's Club identifications and determined they are all photographs of the same individual.

SCOPE OF THE CONSPIRACY

9. To date, Your Affiant has identified over 400 victims with a total loss amount of \$667,703.92 from Sam's Club stores. The amount of loss resulting from the fraudulent redemption of gift cards at Walmart stores is still being calculated.

10. The first act in furtherance of the conspiracy occurred at least as early as June 27, 2019, and the most recent act in furtherance of the conspiracy occurred at least as recently as January 27, 2020.

**SPECIFIC EXAMPLES OF FRAUD IN FURTHERANCE
OF THE OBJECT OF THE CONSPIRACY**

11. The specific examples set forth below constitute some of the hundreds of fraudulent acts committed by LI, SUN, and their co-conspirators.

YORK, PENNSYLVANIA CONDUCT

12. In August 2019, an individual located in York County, Pennsylvania, reported to the York Area Regional Police Department that they had been defrauded into purchasing and transferring \$27,000 worth of gift cards, including Walmart gift cards. Subsequent investigation by the police and a Walmart corporate investigator revealed that on August 14, 2019, some of the Walmart gift cards purchased by the York County victim were redeemed at a Sam's Club store in Huntsville, Alabama. Sam's Club membership number 960229839, under the name "Qinbin Chen", was used during the transaction. During this transaction, defendants LI and SUN were captured on video surveillance inside the Sam's Club store.

¹ Your Affiant knows that Walmart gift cards can also be redeemed at Sam's Club stores.

13. On September 5, 2019, **LI** and **SUN** entered a Sam's Club store in York, Pennsylvania, where they separately charged a total of approximately \$5,500.00 worth of prepaid gift cards using Walmart gift cards as the form of payment scanned from their cell phones. **LI** and **SUN** used membership numbers 960229839, under the name "Qinbin Chen," and 960051316, under defendant **HI LI**'s name, for these transactions.

EDVA VICTIM-1 (V-1)

14. On August 26, 2019, Victim-1 (V-1), who was located in the Eastern District of Virginia, received a phone call from a number appearing to belong to the Internal Revenue Service. The caller, an unidentified member of the conspiracy, told V-1 that V-1's social security number had been compromised and provided V-1's true social security number as confirmation. The conspirator then falsely told V-1 that V-1's identity was being used in connection with an ongoing drug trafficking conspiracy. The conspirator instructed V-1 to buy as many Walmart gift cards as possible to secure V-1's identity. The conspirator then instructed V-1 to send the gift cards' redemption codes to a telephone number provided by the conspirator and that a sheriff or U.S. Marshal would come to V-1's house later that evening with a cashier's check to reimburse V-1 for the purchase of the gift cards.

15. The same day, on August 26, 2019, at the direction of the conspirator, V-1 purchased \$1,500 dollars' worth of gift cards at a Walmart located in Burke, Virginia, within the Eastern District of Virginia. One of the gift cards purchased by V-1 was a \$500 gift card with a redemption code ending in "1665." V-1 then sent the redemption codes to the phone number provided by the conspirator.

16. Also on August 26, 2019, shortly after V-1 transmitted the redemption codes to the conspirator, the Walmart gift card ending in “1665” was used by defendant **LI** at a Sam’s Club store located in Baltimore, Maryland. **LI** was identified on video surveillance in the Sam’s Club and used membership number 960229839, under the name Qinbin Chen, to make the fraudulent purchase.

EDVA VICTIM-2 (V-2)

17. In August 2019, Victim-2 (V-2), who was located in the Eastern District of Virginia, received a phone call from a person that identified himself only as “Daniel.” “Daniel” fraudulently stated that he represented a bank in New York and that V-2 was eligible to receive a \$10,000 cash grant to supplement V-2’s pension or income. “Daniel” falsely claimed that in order to redeem the grant, V-2 would need to go to Walmart and purchase gift cards, and the funds for the grant would subsequently be deposited in V-2’s bank account. On August 26, 2019, V-2 went to at least three Walmart locations in and around Woodbridge, Virginia, within the Eastern District of Virginia, and purchased a total of approximately \$10,000 in Walmart gift cards. After completing the purchases, V-2 provided the redemption codes on the back of the cards to “Daniel” by phone. One of the gift cards purchased by V-2 at a Walmart in Woodbridge, Virginia, was valued at \$500 and the redemption code ended in “3183.”

18. The Walmart gift card ending in “3183” was used by defendant **LI** on August 26, 2019, the same day that it was purchased by V-2, at a Sam’s Club in Timonium, Maryland. **LI** was identified on video surveillance in the Sam’s Club and used membership number 960229839, under the name Qinbin Chen, to make the purchase.

19. No deposits were made into V-2's account after V-2 bought the Walmart gift cards and sent the codes to "Daniel."

FRAUDULENT PURCHASE OF GOODS IN EDVA ON SEPTEMBER 6, 2019

20. On September 6, 2019, **LI** and **SUN** entered a Sam's Club store located in Sterling, Virginia, within the Eastern District of Virginia, and separately purchased a total of approximately \$8,500.00 of prepaid gift cards using Walmart gift cards as the form of payment scanned from their smartphones. While both **LI** and **SUN** were in the store, a transaction was completed wherein the defendants purchased four tires for installation on a grey Nissan Rogue, bearing Virginia Registration VVJ-3958. This Nissan Rogue is registered to defendant **LI**. **LI** and **SUN** used membership numbers 960229839 under the name "Qinbin Chen," and 960051316, under the defendant's name **HE LI**, for these transactions.

EDVA VICTIM-3 (V-3)

21. In September 2019, Victim-3 (V-3), who was located in the Eastern District of Virginia, met a person online who identified herself as "Rachael." "Rachael" began to ask V-3 for money for various expenses including, but not limited to, a phone, hospital expenses, a birthday party, and a bus ticket to allegedly visit V-3. "Rachael" instructed V-3 to send money by purchasing Walmart and other types of gift cards and sending the codes to "Rachael" to redeem. On or about September 16, 2019, V-3 purchased a \$300 Walmart gift card ending in "3450" at a Walmart located in Manassas, Virginia, within the Eastern District of Virginia. V-3 then transmitted the redemption codes to "Rachael" to be used by "Rachael" for a purpose authorized by V-3.

22. The card ending in “3450” was used by defendant **SUN** on September 19, 2019, at a Sam’s Club in Greensboro, North Carolina. **SUN** was identified on video surveillance in the Sam’s Club store and used membership number 960051316, in the name of **HE LI**, to redeem the gift cards.

EDVA VICTIM-4 (V-4)

23. In September 2019, Victim-4 (V-4), who was located in the Eastern District of Virginia, met a person on twitter, with the username R.W., who asked for V-4’s phone number. While texting, R.W. advised V-4 of an opportunity to make money but first V-4 had to provide R.W. with V-4’s bank account information. V-4 provided R.W. with his/her bank account information at which time R.W. deposited worthless checks into V-4’s account. The bank made a portion of the deposits available to V-4 before it learned the checks were worthless. R.W. immediately directed V-4 to transfer most of the money to other people and to keep a small portion. V-4’s bank then determined the checks were fraudulent and notified V-4 that the checks deposited by R.W. into V-4’s account were worthless and that V-4 would be responsible to pay back the loss to the bank. V-4 then contacted R.W. and was told that the situation could be remedied if V-4 bought Walmart gift cards and sent R.W. pictures of the redemption codes on the back of the cards.

24. On or about September 18, 2019, V-4 purchased a Walmart gift card ending in “9153” in the amount of \$500 at a Walmart located in Manassas, Virginia, within the Eastern District of Virginia. V-4 then transmitted the redemption code to R.W.

25. The Walmart gift card ending in “9153” was used by defendant **LI** on September 18, 2019, the same day that it was purchased by V-4, at a Sam’s Club store in Durham, North

Carolina. **LI** was identified on video surveillance in the Sam's Club store and used membership number 960229839, under the name Qinbin Chen, to make the purchase.

EDVA VICTIM-5 (V-5)


26. On or about September 16, 2019, Victim-5 (V-5) received a phone call from an individual who identified himself as D.J. and claimed to represent a company that had sold V-5 a computer virus protection plan. D.J. informed V-5 that V-5 was eligible for a refund and D.J. would deposit the refund directly into V-5's bank account. D.J. then claimed to deposit a \$4,000 refund check into V-5's account. Almost immediately thereafter, D.J. falsely told V-5 that the \$4,000 was an overpayment and in order for V-5 to repay D.J., V-5 must purchase \$4,000 worth of gift cards, including several Walmart gift cards, and provide the redemption codes to D.J. by phone.

27. On or about September 17, 2019, V-5 purchased Walmart gift cards ending in "4948" and "4405" at a Walmart store, and gift cards ending in "1236" and "4024" from a second Walmart store, both located in Alexandria, Virginia, within the Eastern District of Virginia, and transmitted the redemption codes to D.W.

28. The Walmart gift cards ending in "4948", "4405", and "4024" were used by defendants **LI** and **SUN** on September 17, 2019, the same day they were purchased by V-5, at a Sam's Club store in Raleigh, North Carolina. Both **LI** and **SUN** were identified on video surveillance in the Sam's Club store and they used membership number 960229839, under the name Qinbin Chen, to make the purchase.

CONCLUSION

29. Based on the information contained herein, I respectfully submit that there is probable cause to believe that from on or about June 27, 2019 to on or about January 27, 2020, in the Eastern District of Virginia and elsewhere the defendants, **HE LI**, also known as Qinbin Chen, and **SHOUMING SUN**, knowingly and intentionally conspired and agreed with each other and with others to commit wire fraud, contrary to Title 18, United States Code, Section 1343, by knowingly devising and intending to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and by concealment of material facts, and to transmit and cause to be transmitted interstate wire communications in furtherance of the conspiracy, in violation of Title 18, United States Code, Section 1349.




Gregory R. Settducati
Special Agent
Federal Bureau of Investigation

Reviewed by: William Fitzpatrick, Assistant United States Attorney
Shawn Flynn, Special Assistant United States Attorney

Sworn and subscribed before me

on this 25th day of February, 2020.



/s/
Ivan D. Davis
United States Magistrate Judge